GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3163
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COFFEE TEA
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the production of coffee during each of the last two years and the current year;

(b) whether the drastic reduction in price of coffee has affected the life of coffee growers in the country especially in Karnataka;

(c) if so, the details thereof alongwith reasons therefor;

(d) whether the Government has approved any package for tea and coffee growers; and

(e) if so, the details thereof alongwith its expected benefit?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a): Production of Coffee during each of the last two years and estimated production for the current year is given below:

(In Thousand tonnes)
2003-04 2004-05 2005-06
275.00 270.568 290.0184
@ - Provisional ## Post blossom estimate

(b)& (c) : Due to fall in the prices of coffee over the last three-four years, the financial health of the coffee growers has suffered resulting in accumulation of debt and other credit related problems. However, prices have recovered in recent months.

(d) & (e) : In order to provide relief to coffee growers, the Government of India has approved a package which is aimed at debt amelioration. The package envisages: (i) equal sharing of total interest burden estimated to be Rs.267.10 crore on Special Coffee Term-loan (SCTL) during the three year moratorium period amongst the banks, the Government and the grower-loanees to the extent of one third each (ii) requesting the banks to lower the interest rates charged on SCTL from existing 11% to 9% or rate applicable to agriculture sector whichever is lower, during the remaining repayment period of SCTL loans (iii) writing off of coffee developmental loans along with interest amounting to around Rs.26 crore, due from the Coffee Board to the Government of India " the Coffee Board will in turn waive the old developmental loans amounting to around Rs.62.09 crore extended by the Board to the coffee growers having holdings below 10 hectares only" and (iv) also continuing the interest subsidy scheme on working capital loans for small growers (below 10 ha) at the rate of 5% and large growers at rate of 3% for the remaining years of the Tenth Plan. The interest subsidy would be reduced by 1% for a period of 3 years in the case of those growers who receive the benefit of reduced interest burden on SCTL during the moratorium period.

This package will reduce the debt burden of a large number of coffee growers.

In order to help the tea growers, the Government has recently approved the following two schemes for implementation through Tea Board during the 10th Plan period, with an estimated outlay of Rs. 90 crores with the funds to be made available from the special fund created with collections of additional duty of excise on tea. The details of the schemes are as under:-

(i) Grant of subsidy for production of orthodox tea @ Re.1 per kg for leaf grades and Re. 2 per kg for dust grades for existing levels of production with additional incentive @ Re. 2 per kg for the incremental volume over the previous year from 1st January 2005 to 31st March 2007 with an estimated outlay of Rs.65 crores.

This is expected to increase the production of orthodox tea which could lead to improved exports.

(ii) Meeting the actual deficits of the two Research & Development Institutions viz. Tea Research Association (TRA) at Tocklai (Assam) and United Planters' Association for Southern India- Tea Research Foundation (UPASI-TRF), Tamil Nadu for a period of five years with effect from 2004-05 subject to the maximum of 80% of the expenditure on already agreed items of expenditure, of which 49% would be met from the normal Plan outlay of the Tea Board and the balance from the special fund. The estimated outlay for this scheme for a period of five years from 2004-05 i.e. from 2004-05 to 2008-09 would be Rs. 28 crores.

This will give a boost to research efforts in the tea sector.